



PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT

2012 LEGISLATIVE SUMMARY

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Published: 7/30/12



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2012 Legislative Summary

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SUMMARY OF FY 2012-13 APPROPRIATIONS ACT
HB 950 – (S.L. 2012-142)

Money Report

PUBLIC EDUCATION	FY 12-13 Certified Budget		FY 12-13 Budget Adjustments	
Adjusted Continuation Budget	\$7,923,543,951		\$7,923,543,951	
A. Technical Adjustments				
Adjust Continuation Budget – ADM	\$143,087,414**	R	(\$6,423,088)	R
Average Teacher Salary Adjustment	(\$22,040,287)	R	(\$85,670,329)	R
B. Other Public School Funding Adjustments				
LEA Adjustment/Reversion	(\$198,293,574)	R	\$126,943,661**	R
Classroom Teachers – Grade 1-3 Class Size Reduction to 1:17	\$62,767,803	R		
Education Reform Studies				
Testing	(\$2,729,677)	R		
Dropout Prevention Grants	(\$13,290,683)	R*		
Student Diagnostic Pilot	(\$10,000,000)	R*		
Learn & Earn Online	(\$4,875,000)	R*		
Noninstructional Support Personnel	(\$60,054,792)	R		
Textbooks	(\$13,000,000)	R	(\$4,364,277)	R
Textbooks	(\$76,500,000)	NR		
Instructional Supplies/Equipment	(\$38,417,147)	NR		
Instructional Supplies/Equipment	(\$3,450,000)	R		
Central Office Administration	(\$17,254,494)	R		
School Building Administration	(\$22,403,290)	R		
School Building Administration Position Conversion	(\$7,700,000)	R		
Instructional Support Personnel	(\$23,149,479)	R		
Transportation	(\$10,442,266)	R		
School Bus Replacement	(\$20,000,000)	NR		
Mentoring	(\$9,214,190)	R*		
School Technology Fund	(\$10,000,000)	R		
Staff Development	(\$12,626,995)	R*		
Uniform Education Reporting System	(\$2,101,213)	R		
More at Four	(\$16,000,000)	R		
More at Four Transfer to DHHS	(\$65,011,651)	R		

Liability Insurance for School Personnel	\$3,700,000	R	(\$555,000)	R
JOBS Commission Schools	(\$200,000)	R		
Learn & Earn Early College High Schools	\$200,000	R		
C. Pass-Through Funds				
Teacher Cadet	(\$340,000)	R		
Science Olympiad	(\$127,500)	R		
Kids Voting	(\$50,000)	R		
NC Science, Math & Tech Ed Center	(\$100,000)	R		
Teaching Fellows Fund	(\$3,475,000)	R		
D. Department of Public Instruction				
Curriculum	(\$457,690) -5.50	R		
Technology Services	(\$2,712,988) -30.00	R		
Communications	(\$246,586) -4.00	R		
Learn & Earn Administration	(\$139,050) -1.00	R		
Governor's Education Cabinet	(\$206,063) -2.00	R		
NC Professional Teaching Standards Commission	(\$235,646) -2.00	R		
Teacher Academy	(\$4,762,874) -14.00	R		
NCCAT	(\$3,000,000) -40.00	R		
Connectivity	(\$650,000)	R		
Governor's Schools	(\$849,588)	R	\$800,000	R
Residential Schools for the Deaf and Blind	(\$1,691,445) -1.00	R	\$4,700,000	R
E. Excellent Public Schools Act				
Excellent Public Schools Act – Funds for Implementation of Sections 7A.1 and 7A.6			\$27,000,000	R
Total Legislative Changes	(\$338,626,804)	R	\$62,430,967	R
	(\$134,917,147)	NR		
Revised Budget	\$7,450,000,000***		\$7,506,553,067	

* Denotes elimination of program/allotment funding.

** Additionally, \$16,385,771 in lottery funds allocated to reduce LEA adjustment (see Section 5.4 below).

*****Tax credits for children with disabilities (HB 344 from 2011) reduced available appropriations by \$5,877,900 for FY 2012-13. This reduction will be taken out of the ADM adjustment increase, putting 2012-13 ADM adjustment at \$137,209,514 and certified K-12 budget at \$7,444,122,100.**

OTHER MONEY PROVISIONS	FY 12-13 Certified Budget		FY 12-13 Budget Adjustments	
E. Community Colleges				
Reduce 2+2 E-Learning Initiative	(\$97,000)	R		
GED Program	(\$208,533) -2.50	R		
F. UNC System				
Elimination of Certain Nonresident Tuition Waivers	(\$1,892,640)	R		
Principal Fellows	(\$362,000)	R		
Future Teachers Scholarship- Remaining Budget	(\$455,000)	R		
Teacher Assistant Scholarship Fund	\$600,000	R		
G. Department of Health and Human Services				
Program Transfer – NC Pre-K	\$65,011,651	R		
Smart Start	(\$37,600,000)	R		
Smart Start – Nonrecurring Supplanting of Funding by Federal Block Grant			(\$7,000,000)	NR
More at Four Match- Elimination of child care subsidy funds for More at Four student instructional days	(\$1,305,008)	R		
Literacy Pilot, Development Consultants, and Rural Partnership Assistance			\$3,500,000	NR
Child and Family Support Teams – LME Coordinator Positions	(\$523,638)	R		
Early Intervention	(\$3,118,046) -11.00	R	(\$2,500,000)	R
Child and Family Support Teams – Elimination of Funding to Local Social Services Departments	(\$420,804)	R		
H. Department of Juvenile Justice and Delinquency Prevention				
DJJD Superintendent	(\$113,637) -1.00	R		

Education Director Position Elimination	(\$155,550) -2.00	R		
K. Transportation				
Increase Highway Trust Fund Transfer to General Fund for School Bus Replacement	\$115,408	R		
Driver's Ed Program - Reduction in Funding to Account for New Fees	(\$5,211,990)	R		
Civil Penalty and Forfeiture Fund – Establish that Civil Fines and Forfeitures are to be Budgeted as Receipts			(\$22,000,000)	R
L. Reserves/Debt Service/Adjustments				
Compensation and Performance Pay Reserve	\$121,105,840	R	(\$121,105,840)	R
Public School Salary Increases – Funds to Provide for 1.2% Salary Increase for State-Funded Public School Employees			\$84,964,142	R

SPECIAL PROVISIONS

****ALL SPECIAL PROVISIONS ARE EFFECTIVE JULY 1, 2012, UNLESS OTHERWISE NOTED****

PART II – CURRENT OPERATIONS AND EXPANSION GENERAL FUND

Section 2.2(i) General Fund Availability Statement

Directs DPI to transfer \$3,265,000 from the Teaching Fellows Trust Fund to the State Controller for deposit for FY 2012-13.

PART V - OTHER APPROPRIATIONS

Section 5.4 Education Lottery

Allocates \$441,359,401 from the State Lottery Fund for FY 2012-13 as follows:

- Teachers in Early Grades - \$220,643,188 (49.9%)
- North Carolina Pre-Kindergarten Program - \$63,135,709 (14.3%)
- Public School Building Capital Fund (PSBCF) - \$100,000,000 (22.7%)
- Scholarships for Needy Students - \$30,450,000 (6.9%)
- UNC Need-Based Financial Aid - \$10,744,733 (2.4%)
- LEA Adjustment - \$16,385,771 (3.7%)

Eliminates 2011 budget provision directing that excess FY 2011-12 lottery revenue is to be allocated for school capital on the basis of ADM. Provides instead that excess FY 2011-12

lottery revenue in the amount of \$25,588,370* is to be allocated to UNC Need-Based Financial Aid.

Provides that all FY 2012-13 PSBCF lottery funds are to be **allocated to LEAs on the basis of ADM.**

**Total amount of excess lottery revenue modified by budget technical corrections bill (see SB 187, below).*

PART VI – GENERAL PROVISIONS

Section 6.1 Remove Consultation by Governor Requirement/Interim Appropriations Committees

Eliminates 2011 budget provision that authorized House and Senate Appropriations Committees to meet monthly between legislative sessions to examine and oversee State agencies' execution and administration of the budget and to perform specified tasks. Provision also required Governor to consult with the Committees prior to certain events and expenditures.

Section 6.2 Extend Reporting Date/Utilization Review/Public School and Public Health Nurses

Extends reporting deadline for required Fiscal Research Division report on publicly-funded public school nurse positions and determinations of the most effective and cost-efficient ways to provide nursing services. Deadline extended from May 1 to December 1, 2012.

Section 6.5(b)(5) National Mortgage Settlement Appropriations

Allocates to the Civil Penalty and Forfeiture Fund \$5,740,000 in funds received from the Consent Judgment in *U.S. v. Bank of America*, a civil settlement of federal-state legal probes into abusive foreclosure practices. Funds are allocated for FY 2012-13 expenditure.

Section 6.11 Consultation with a Legislative Committee

Modifies statutory construction rules to establish specific directives for individuals or other entities when interpreting statutory language purporting to require consultation with a committee or commission of the General Assembly before taking an action. Directives provide that such consultation language shall be interpreted to require the individual or other entity to do the following:

- submit a report of the action under consideration to the chairs and staff of the committee or commission; and
- appear at a meeting of the committee or commission at which the matter is heard.

Specifies information required to be included in the report, as well as guidance for when a Committee hearing does not occur within 90 days.
G.S. 12-3(15).

Section 6.13 State Contracts Shall Include a Clause Making Them Subject to the Availability of Appropriations

Provides that any employment contract or salary commitment paid in whole or in part with State funds will be subject to availability of appropriated funds or available funds that are not State funds.

Requires any written purchase order, contract, salary commitment, or other financial obligation subject to availability of appropriated funds or available non-State funds to include a clause explicating that limitation. Where no written document exists, the entity responsible for administering the State funds shall notify the person or entity of the limitation.

Effective September 1, 2012.

G.S. 143-6-8.

PART VII - PUBLIC SCHOOLS

Section 7.1 Funds for Children with Disabilities

Allocates supplemental funding for children with disabilities to reflect actual numbers based upon April 1, 2012, headcount. Funding for FY 2012-13 increased to \$3,709/child (was, \$3,585.88/child). Retains individual school district allotment cap of 12.5% of ADM.

Section 7.2 Funds for Academically Gifted Children

Allocates supplemental funding for academically or intellectually gifted children. Funding for FY 2012-13 increased to \$1,223.93/child (was, \$1,192.90/child). Retains individual school district allotment cap of 4% of ADM.

Section 7.3 School Improvement Plans at Residential Schools

Requires the three residential schools (Eastern North Carolina School for the Deaf, Governor Morehead School for the Blind, and North Carolina School for the Deaf) to each develop a school improvement plan that takes into consideration the annual performance goal for that school as established by the State Board of Education. Details plan requirements.

Section 7.4 School Calendar Pilot Program

Continues school calendar pilot program in the Wilkes County, Montgomery County, and Stanly County school systems in which the three systems are authorized to meet minimum student instructional time requirement through either 185 days **OR** 1,025 hours of instruction covering 9 calendar months. Provides that a calendar of at least 1,025 instructional hours over 9 calendar months is deemed to be a calendar of 185 instructional days and that teachers employed for a 10-month term are deemed to have been employed for the days being made up and shall be compensated as if they had worked the days being made up.

Requires SBE to report to the Joint Legislative Education Oversight Committee by March 15, 2013, on the administration of the program, cost-savings, and impact on student achievement.

Section 7.8 Residential Schools

Repeals Section 7.25(a) of the 2011 budget (declaring that 3 residential schools are no longer needed, directing DPI to identify one residential school for closure, and requiring closure and

consolidation by July 1, 2012). Instructs DPI to refrain from transferring any school-based personnel from the residential schools to central office administrative positions.

Directs DPI to retain all proceeds generated from building space leases that have been entered into on residential school campuses. Lease receipts are to be used to staff and operate the three residential schools and are not to be used for DPI administrative functions.

Section 7.9 Liability Insurance for Public School Personnel

Requires LEAs to provide written notification to all public school employees regarding the State-funded public school employee liability insurance policy. Written notification shall occur within 60 days of section effective date (July 1, 2012). Written notification is to include the following:

- policy coverage details;
- instructions on reporting Claims;
- contact information for additional questions; and
- instructions on obtaining a copy of the policy.

Provides that LEAs are to receive funds on the basis of ADM sufficient to implement the notification requirements from monies appropriated for the establishment and administration of the State-funded liability insurance policy.

Section 7.10 Pilot Cooperative Innovative High School

Directs SBE to approve the Yadkin Valley Regional Career Academy as a cooperative innovative high school pilot by the local boards of education of the Davidson County Schools, Thomasville City Schools, and Lexington City Schools and the local board of trustees of Davidson County Community College. Exempts the school from statutorily prescribed application procedure.

HB 1018 (see below) authorized the boards to **apply to establish this school.*

Section 7.11 Clarifying Cooperative Innovative High School Statutes

Makes clarifying changes to statutes governing cooperative innovative high schools, including language clarifying information to be contained within proposed budget that accompanies an application, as well as clarifying approval process for applications based upon whether or not the school has requested additional funds.

Repeals Section 7.21(e) of 2010 budget (uncodified language prohibiting SBE from approving any additional Cooperative and Innovative High Schools after July 1, 2010, unless the school has received an explicit appropriation from the General Assembly).

G.S. 115C-238.50A, -238.51, -238.52, -238.53, -238.54, -238.55. Adds new G.S. 115C-238.51A.

Section 7.12 North Carolina Virtual Public Schools

Modifies language in the 2011 budget delineating funding streams that may be used for North Carolina Virtual Public Schools (NCVPS) instructional costs. Expands types of funds that may be used for NCVPS instructional costs to also include local funds, federal funds, special state reserve funds for children and youth with disabilities, and the ADM contingency reserve.

Retains existing NCVPS authority to use NCVPS allotment formula funds and the NCVPS enrollment reserve.

Section 7.13 Repeal Obsolete Reports

Eliminates the following reporting requirements:

- SBE requirement to annually evaluate and report to specified committees on the Learn and Earn High Schools program.
- SBE requirement to annually evaluate and report to specified entities on the small, restructured high school program.
- County school system superintendent requirement to report to DPI by October 1 of each year receipts received by the county school system from the sale of vehicles seized pursuant to the DWI motor vehicle forfeiture law and all costs to the county board of education for administering the law. Also repeals associated requirement for DPI to report the information collected from county superintendents to the Joint Legislative Education Oversight Committee.
- SBE requirement to submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division on various data associated with the NC Pre-K (formerly More at Four) program. Budget Section 10.1 incorporates these reporting requirements and establishes updated timelines.
- Requirement that the Joint Legislative Education Oversight Committee receive an annual report, conducted by an independent research organization, to include longitudinal review of the program and academic, behavioral, and other child-specific outcomes, as well as a comparison of the outcomes of State prekindergarten students with non-State prekindergarten students of the same grade level and demographic.
- Reporting requirements associated with the now defunct Dropout Prevention Grants program.
- SBE requirement to identify and make recommendations regarding meaningful professional development programs for professional public school employees.

G.S. 115C-12(26), -276(t).

Section 7.14 Teacher/Teacher Assistant Leave on Instructional Days

Authorizes local boards of education to adopt policies allowing instructional personnel and teacher assistants who are employed at year-round schools for 11 or 12 months to take vacation leave when students are in attendance. Instructional personnel must receive principal's prior approval. Substitute costs are to be covered by local funds.

Effective beginning with the 2012-13 school year.

G.S. 115C-302.1(c), -316(a)(3).

Section 7.16 Geographically Isolated Schools

Provides that LEAs that receive allotments for small, geographically isolated schools shall continue to receive one-half of their allotment for the fiscal year after any such school is closed.

Post-closure funds shall be used to assist in the transition of students from the closed school to other schools in the LEA.

Section 7.17 Investing in Innovation Grant

Authorizes specified LEAs to offer one community college course to select 10th grade students as part of the federal Investing in Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools, that was awarded to the North Carolina New Schools Project for 2012-2017. Designates Alleghany, Beaufort, Hertford, Jones, Madison, Richmond, Rutherford, Sampson, Surry, Wilkes, and Yancey County Schools as participating LEAs.

Details requirements associated with receipt of funds.

Requires the North Carolina New Schools Project to report on the implementation of the grant to SBE and other committees/agencies no later than March 15, 2013, and annually thereafter until the end of the grant period.

Section 7.18 Budgeting of Position Allotments*

Limits the dollar equivalent value of funds an LEA can receive for transfers of classroom teacher position allotments from the statewide average salary to step 0 of the “A” classroom teacher salary schedule.

Authorizes LEAs to transfer certified instructional support personnel position allotments for any purpose not otherwise prohibited by SBE policy. Dollar equivalent funds received for certified instructional support personnel are to be limited to step 0 of the “A” classroom teacher salary schedule (previous dollar equivalent value received was statewide average salary). Prohibits LEAs from converting certified position allotments to dollars in order to hire the same type of position.

**Modified by SB 187 (see below) to allow the transfer at step 6 for FY 2012-13.*

Section 7.19 Uniform Education Reporting System Funds

Provides that Uniform Education Reporting System funds are not to revert at the end of the 2011-12 fiscal year.

Effective June 30, 2012

PART VII-A. THE EXCELLENT PUBLIC SCHOOLS ACT

Section 7A.1 Improve K-3 Literacy

Repeals existing State Board of Education reading program (Comprehensive plan for reading achievement) and replaces it with a new statewide reading program- The North Carolina Read to Achieve Program.

Purposes and Definitions

Declares the State’s goal to ensure that all students read at or above grade-level by the end of 3rd grade and continue to demonstrate progress in reading proficiency so as to ensure successful

performance at the secondary level and career success. Establishes other purposes of the new program and definitions of terms.

General Requirements

Requires the SBE to develop, implement and continuously evaluate a comprehensive plan to improve reading achievement in schools.

Prescribes that students entering kindergarten are to receive a developmental screening within 30 days of enrollment, and a kindergarten entry assessment within 60 days of enrollment. Tasks SBE with responsibility for ensuring assessments are provided. Details requirements associated with developmental screening and kindergarten entry assessments.

Requires that K-3 students be administered formative and diagnostic reading assessments to facilitate early reading proficiency. Encourages LEAs to partner with community businesses and organizations to provide tutors, volunteers, and mentors to assist with these efforts. Outlines other associated specifications.

Elimination of Social Promotion and Interventions for 3rd Grade Students Not Reading at Grade Level

Mandates that any 3rd grade student who performs below grade-level on end of year reading assessment be retained, *unless*:

- The student is LEP and has had less than two years of instruction in English as a Second Language.
- The student is a student with disabilities whose IEP indicates the use of alternative assessments and reading interventions.
- The student demonstrates appropriate 3rd grade reading proficiency on an alternative assessment approved by the SBE.
- The student demonstrates appropriate 3rd grade reading proficiency through a student reading portfolio.
- The student has: (i) received reading intervention; *and* (ii) previously been retained more than once in kindergarten, first, second, or third grades.

Vests superintendent with authority to determine student eligibility for retention exemptions. Specifies steps to be taken in determining that an exemption is appropriate. Requires that any student determined to be exempt from mandatory retention continue to receive supports and services and reading interventions appropriate for the student's age and reading level.

Requires LEAs to provide summer reading camps to a student performing below grade-level on end of year 3rd grade reading assessments prior to retention unless the student's parent/guardian chooses to opt the student out (authorized by definition language). Prescribes that summer reading camps must:

- (i) operate for 6-8 weeks and 4-5 days/week;
- (ii) provide minimum 3 hours of instructional time per day;

- (iii) be taught by compensated, licensed teachers selected based on demonstrated student outcomes in reading proficiency; and
- (iv) allow volunteer mentors to read with students.

Allows a student who successfully completes the summer reading camp and demonstrates reading proficiency to be promoted to 4th grade instead of being retained.

Specifies instructional guidelines for students who fail to demonstrate reading proficiency after completing a summer reading camp and are subsequently retained, including requirements regarding classroom instruction and involvement of the student's parents or guardians. Directs SBE to establish a policy providing midyear promotion for mandatory retained students who meet proficiency standards by November 1.

LEA Notification Requirements

Establishes the following new parental notification requirements for LEAs:

- Written, timely notification that the student shall be retained, unless exempt for good cause, if the student is not demonstrating reading proficiency by the end of third grade. Such notice shall be provided when a kindergarten, first, second, or third grade student (i) is demonstrating difficulty with reading development; (ii) is failing to read at grade level; or (iii) has a PEP.
- Written notification of the reason a student subject to retention is determined to be ineligible for an exemption. This notification must also include a description of proposed reading interventions that will be provided to the student to remediate identified areas of reading deficiency.
- Monthly written reports on the retained student's progress toward reading proficiency.

Requires that teachers and principals provide parent/guardian with an opportunity to discuss notifications.

Accountability Measures

Requires each local board of education to submit written reports to SBE by September 1 of each year regarding the following:

- specified information on 3rd grade reading rates (also must be published on local board's Web site); and
- a description of all reading interventions provided to students who have been retained through mandatory retention.

Prescribes that local boards receive a uniform format on which to report the required information from SBE no later than 90 days prior to the annual due date. Specifies procedures for SBE reports to legislative committees.

Instructs SBE and DPI to provide technical assistance as needed to aid LEAs in implementation of this section.

Makes conforming change, repealing G.S. 115C-105.27(b)(1a) regarding reading proficiency requirements in school improvement plans.

Other Provisions

Amends personalized education plan requirements prescribed in G.S. 115C-105.41 to require that students at risk of academic failure be identified and provided with a PEP beginning in kindergarten (previously, no later than fourth grade). Adds diagnostic and formative assessments to criteria that may be used to identify students at risk of academic failure. Provides that focused instructional supports and services, reading interventions, and accelerated activities should include evidence-based practices (was, research-based best practices) that meet the needs of students. Makes conforming changes to G.S. 115C-174.11(a). SB 187 (see below) makes additional changes to this statute.

Establishes criteria regarding reading proficiency and student promotion for charter schools.

Makes a conforming change to principal’s authority to grade and classify students.

Makes other conforming changes.

Effective when the act becomes law and applies beginning with the 2013-14 school year.

Kindergarten assessment begins with the 2014-15 school year.

G.S. 115C-81.2, -83.1A to -83.1J, -105.27(b)(1a), -105.41, -174.11(a), -238.29F(d1), -288(a); 130A-440(b).

Section 7A.3 School Performance Grades

Requires LEA annual report cards to contain an overall numerical school performance score on a scale of 0-100 and a corresponding letter grade of A-F.

Grades shall be calculated as follows:

K-8 schools. Each K-8 school will receive one performance point for each percent of students at or above grade level on English Language Arts (ELA), math, and science assessments. Performance points will be converted to a corresponding 0-100 point scale by the SBE which will subsequently determine the school’s letter grade according to the following scale:

90-100 = A
80-89 = B
70-79 = C
60-69 = D
0-59 = F

Schools will also receive separate literacy and mathematics school performance scores that will align with the percentage of students scoring at or above grade level on those respective assessments.

Prescribes that report cards for schools serving students in 3rd grade are to also include the number and percentage of 3rd grade students who: (i) take and pass the alternative assessment of reading comprehension; (ii) were retained in 3rd grade under the new mandatory retention

requirement; and (iii) were exempt from mandatory 3rd grade retention by category of exemption.

Grade 9-12 schools. Schools serving grades 9-12 will be graded based upon the following criteria:

- 1 point for each percent of students who score at or above proficient on annual mathematics assessments.
- 1 point for each percent of students who score at or above proficient on annual English assessments.
- 1 point for each percent of students who score at or above proficient on annual biology assessments.
- 1 point for each percent of students who complete a higher level mathematics class with a passing grade.
- 1 point for each percent of students who score at or above a level demonstrating college readiness on a nationally normed test of college readiness.
- 1 point for each percent of students who graduate within four years of entering high school.
- 1 point for each percent of students who demonstrate workplace readiness on a nationally normed test of workplace readiness.

Local Board Requirements

Requires local boards of education to:

- ensure that the overall school performance score and grade earned by each school in its district for the current and previous four school years is prominently displayed on the district's Web site; and
- for any school awarded a grade of D or F, provide notice of the grade in writing to the parent or guardian of all students enrolled in that school.

Establishes similar requirements for charter schools and regional schools.

Declares the General Assembly's intent to add a student growth component to the school performance grades.

Effective starting with the 2012-13 school year.

G.S. 115C-12(9)c1, -47(58), -238.29F(1), -238.66(11).

Section 7A.6 Funding for the Addition of Five Instructional Days Within the Existing School Calendar

Allocates from DPI appropriations \$40,168 to the noninstructional support personnel allotment and \$351,469 to the transportation allotment for FY 2012-13. These funds are to cover the expansion of five additional instructional days in the 2011 budget for those days for which an LEA has not requested and received a waiver from the State Board of Education for the 2012-13 school year.

Section 7A.7 Establish NC Teacher Corps

Establishes the North Carolina Teacher Corps (NC Teacher Corps) as a new program to recruit and place recent graduates of colleges and universities and mid-career professionals as teachers in high-needs public schools. Authorizes such individuals to receive lateral-entry licenses pursuant to State law.

Tasks SBE, in consultation with the UNC Board of Governors and the North Carolina Independent Colleges and Universities, with the responsibility of NC Teacher Corps development and administration. Provides that successful teacher recruitment models used nationally and in other states shall be considered as part of the program's development. Prescribes application procedures and criteria, including specific directive that individuals eligible for an award attain a bachelor's degree from an accredited college or university. Directs the State Board of Education to identify and coordinate placement of NC Teacher Corps members in schools with unmet recruitment needs and high needs schools.

Requires SBE provision of an intensive summer training institute for NC Teacher Corps members. Enumerates specific training areas to be provided by the institute. Directs SBE to provide ongoing support to NC Teaching Corps members through coaching, mentoring, and continued professional development.

Directs SBE to recruit and place an initial cohort of NC Teacher Corps members no later than the 2012-13 school year.

G.S. 115C-296.7.

Section 7A.10 Pay for Excellence

Allows local boards of education to develop performance pay plans for all licensed personnel through which such personnel can be eligible to receive bonuses or base salary adjustments for meeting certain performance criteria. Allows local boards to set applicable performance criteria and enumerates a minimum set of factors that performance pay awards shall take into consideration. Minimum factors are:

- Annual growth in student achievement of students assigned to a teacher's classroom, when applicable;
- Annual growth in student achievement of students assigned to a specific school;
- Assignment of additional academic responsibilities;
- Assignment to a hard-to-staff school or subject area.

Requires any performance pay plan developed pursuant to this authority to be submitted to SBE by March 1, 2013. Specifies SBE reporting requirements.

Authorizes public citizens to submit performance pay plans no later than April 15, 2013, to specified legislative committees.

PART XIII – COMMUNITY COLLEGES

Section 8.7 Gateway to College Pilot at Durham Technical Community College

Directs SBE and the State Board of Community Colleges to approve the Gateway to College program at Durham Technical Community College as a Career and College pathway pilot program. Describes the program as one that concurrently provides high school and college education to high school students who have previously dropped out.

Establishes reporting requirements and budget FTE accounting procedures.

Section 8.9 Increase Maximum Parking Fine

Increases maximum fine allowed to be levied by each community college's board of trustees for violations of campus parking policies, rules and regulations. Parking fine ceiling raised from \$5 to \$25 for each violation. Establishes that parking fine proceeds are to be deposited into the Civil Penalty and Forfeiture Fund (previously, the community college could retain the funds). G.S. 115D-21(c)-(d).

PART X – DEPARTMENT OF HEALTH AND HUMAN SERVICES

Section 10.1 NC Pre-K

Directs the Division of Child Development and Early Education (DCDEE) to require that multiple-year contracts be issued for licensed private child care centers providing NC Pre-K classrooms.

Establishes a pilot program through which NC Pre-K funding structure is changed from a per slot basis to a per classroom basis. Directs that the pilot include three different geographically diverse NC Pre-K contractual regions. Establishes reporting procedures for DCDEE.

Instructs DCDEE to continue NC Pre-K program implementation. Provides that August 31 is to be the age eligibility cut-off date (retaining existing policy).

Modifies child care nutrition standards. Changes child care facility nutrition rules requirement that facilities ensure all children receive nutritious food and beverages according to their developmental needs to a requirement that any food and beverages provided by a child care facility be nutritious and in alignment with children's developmental needs. Expands parental exceptions to child nutrition requirement. Allows parents to opt-out of any supplemental food program provided by the child care facility and prohibits the child care facility from providing food or beverages to a child whose parent or guardian has opted out of any supplemental food program provided by the child care facility and whose parent or guardian is providing food and beverages for the child. Prohibits any evaluation of the nutritional value or adequacy of the components of food and beverages provided by a parent or guardian to his or her child enrolled in a child care facility as an indicator of environmental quality ratings.

Directs that DCDEE may not consider a child's health as an eligibility factor for NC Pre-K.

Instructs all entities operating NC Pre-K classrooms to adhere to all of the policies prescribed by DCDEE regarding programmatic standards and classroom requirements.

Directs DCDEE to establish a standard decision-making process to be used by local NC Pre-K committees in awarding NC Pre-K classroom slots and student selection.

Directs DCDEE to submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following information, all of which are existing requirements:

- The number of children participating in the NC Pre-K program.
- The number of children participating in the NC Pre-K program who have never been served in other early education programs, such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- The expected NC Pre-K expenditures for the programs and the source of the local contributions.
- The results of an annual evaluation of the NC Pre-K program.

Section 10.4 “Read NC” Early Literacy Initiative/Development Officers/Assistance to Rural Partnerships

Prescribes that \$3,500,000 of 2012-13 fiscal year funds appropriated for the North Carolina Partnership for Children, Inc., to be used for development and administration of “Read NC,” an early literacy initiative pilot program. Provides that expenditures are not to begin until January 1, 2013, and shall be contingent upon fiscal year Medicaid program funding sufficiency, as determined by OSBM.

Establishes that “Read NC” will focus on increasing early literacy skills of children most at risk for reading below grade level. Delineates specific functions of the “Read NC” pilot program. Specifies reporting requirements.

Requires a portion of funding to be used to employ four new staff members to assist local partnerships in raising the amount of non-State funds required by law and establishes associated guidelines. Requires a portion of funding to be used to provide assistance to local partnerships located in rural areas of the State. Sets guidelines for eligibility criteria.

Section 10.25(q) Social Services Block Grant

Appropriates \$2,452, 000 to make grants for approved Boys and Girls Clubs programs to implement programs that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. Directs DHHS to facilitate collaboration between Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs and encourage them to submit joint applications.

Section 10.25(bb) Maternal and Child Health Block Grant

Prescribes that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education in FY 2012-13, then those funds are to be transferred to SBE to be administered by DPI to establish an abstinence until marriage education program. DPI shall delegate to one or more persons the responsibility of implementing the program and State abstinence until marriage education law. DPI shall strictly and carefully follow federal guidelines in implementing and administering the abstinence education grant funding.

PART XXIV – DEPARTMENT OF TRANSPORTATION

Section 24.9 Civil Penalties to be Treated as Receipts for Transfer to Civil Penalty and Forfeiture Fund

Establishes that the clear proceeds of all civil penalties, civil forfeitures, and civil fines collected by the Department of Transportation for transfer to the Civil Penalty and Forfeiture Fund and which are currently recorded as revenue in the Highway Fund are to be eliminated from the Highway Fund appropriations and estimated revenue. Such funds are to be recorded as receipts and budgeted in a receipt-supported fund center for transfer to the Civil Penalty and Forfeiture Fund.

PART XXV – SALARIES AND BENEFITS

Section 25.1F(f) All State-Supported Personnel/Salary Increases

Provides that, except as otherwise provided, for FY 2012-13, permanent full-time State agency employees and State-funded public school employees who work a nine-, 10-, or 11-month work year schedule shall receive a 1.2% annual increase.

Section 25.2A Repeal of Provisions Related to Compensation Adjustment and Performance Pay Reserve

Repeals 2011 budget provision as indicated.

Section 25.2D Comprehensive Review for Reform of Public Employee Compensation Plans/Recommendations for Legislation by March 1, 2013

Modifies 2011 budget provision that declares the intent of the General Assembly to create and implement a modernized, fair, and fully-functional performance-based compensation system for various public employees. Removes employees of LEAs and NC Community College System from applicable employees.

Removes the following from the study required by the provision:

- An analysis, including an assessment of effectiveness and best practice identification, of the performance-based compensation system proposed by Charlotte-Mecklenburg Schools.
- An evaluation of current laws and policies related to tenure for public school teachers, including an evaluation of the relationship between tenure and student performance, if any.

- An evaluation of salary supplements for public school employees paid on account of master's degrees, attainment of other advanced degrees, and national board certification, including any relationship to student performance.

Section 25.6 Teacher Salary Schedules

Repeals salary schedule passed as part of HB 966 (see below) and replaces it with new salary schedule guidelines.

Establishes FY 2012-13 monthly teacher salary schedules for "A" and "M" teachers. The schedule contains 36 steps (35 steps in the FY 2011-12 schedule) with each step corresponding to one year of teaching experience. Increases monthly salaries by 1.2%.

Provides that public school employees paid according to this salary schedule and receiving NBPTS certification or obtaining a master's degree shall not be prohibited from receiving the appropriate increase in salary; provided that teachers employed during the 2011-12 school year who did not work the required number of months to acquire an additional year of experience shall not receive a decrease in salary as otherwise would be required by the salary schedule.

Section 25.7 School-Based Administrator Salary Schedule

Repeals salary schedule passed as part of HB 966 (see below) and replaces it with new salary schedule guidelines.

Provides that the base salary schedule for school based administrators applies only to principals and assistant principals for FY 2012-13. Directs that school-based administrators (1) employed during the 2011-12 school year who did not work the required number of months to acquire an additional year of experience and (2) employed during the 2012-13 school year in the same classification are not to receive a decrease in salary as otherwise would be required by the salary schedule.

Increases salary schedule for each step by 1.2%. Adds an additional step to each schedule to bring total steps to 35 for Assistant Principals and I-IV classified Principal; and 29 for Principals classified in V-VIII range.

Section 25.7C Central Office Salaries

Repeals 2011 budget provision freezing salaries for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for FY 2011-12 and FY 2012-13.

Beginning July 1, 2012, establishes new monthly salary ranges for assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers.

Directs the local board of education to determine the appropriate category and placement for each staff member within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. Requires the category in which an employee is placed to be included in the employee's contract.

Establishes monthly salary ranges for public school superintendents for FY 2012-13.

Directs the local board of education to determine the appropriate category and placement for the superintendent based on the LEA's ADM and within funds appropriated by the General Assembly for central office administrators and superintendents.

Directs that longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers must be equivalent to those provided for State employees under the State Personnel Act.

Authorizes the \$126 and \$253 per month salary supplement for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six year degree level and the doctoral degree level, respectively.

Prohibits SBE from permitting LEAs to transfer State funds from other funding categories for salaries for central office administrators.

Specifies that salaries of all permanent full-time personnel paid from the Central Office Allotment shall be increased by 1.2%, commencing July 1, 2012. Directs the SBE to allocate these funds to LEAs. Directs local boards of education to establish guidelines for providing salary increases to these personnel.

Section 25.7D Noncertified Personnel Salaries

Repeals 2011 budget provision freezing FY 2012-13 salaries for full and part-time noncertified public school employees paid out of the State General Fund.

Authorizes 1.2% annual salary increase for permanent, full-time noncertified public school employees paid from the State General Fund, commencing July 1, 2012.

Instructs local boards of education to increase by 1.2% pay rates for such employees who were employed for all or part of FY 2011-12 and who continue their employment for FY 2012-13.

Provides that pay increases for part-time employees shall be pro rata based on the number of hours worked.

Authorizes the State Board of Education to adopt salary ranges for noncertified personnel to support increases 1.2% for FY 2012-13.

Section 25.10 Salary-Related Contributions

Reduces FY 2012-13 employer contributions for Teachers' and Employees' Retirement System from 14.31% to 14.23%. Reduces FY 2012-13 employer contribution to disability income plan from 0.52% to 0.44%.

Section 25.13(a) Provide Cost-of-Living Increases for Retirees of the Teachers' and State Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System

Provides, from and after July 1, 2012, a retirement allowance increase of 1% of payable allowance on June 1, 2012, for beneficiaries who retired on or before July 1, 2011. For beneficiaries who retired after July 1, 2011, but before June 30, 2012, from and after July 1, 2012, a prorated retirement allowance increase of 1% of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2011, and June 30, 2012.

G.S. 135-5(ss).

SUMMARY OF LEGISLATION ENACTED BY THE GENERAL ASSEMBLY

****ALL BILLS ARE EFFECTIVE UPON BECOMING LAW UNLESS OTHERWISE NOTED****

Public/Statewide Legislation

House Bills

HB 153: No Public Retirement for Convicted Felons (S.L. 2012-193) prohibits any person who has been convicted of a felony from receiving retirement benefits, except for return of contributions plus interest, from the Teachers and State Employees Retirement System (the act also applies to other public retirement systems) if:

- the offense is committed while the member is in service; and
- the conduct resulting in the member's conviction is directly related to the member's office of employment.

Adds that if a defendant held public elected or appointed office or public employment at the time of an offense, and the offense directly related to the conduct of the office or employment, it can be considered an aggravating factor for sentencing purposes under G.S. 15A-1340.16(d)(9).

Effective December 1, 2012.

G.S. 15A-1340.16(d)(9), -1340.16(f); 135-4(ii), -18.10A, -56(j), -75.1A, -94(a)(1), -95.

HB 177: Clean Energy Transportation Act (S.L. 2012-186) creates an interagency task force to study the feasibility and desirability of State agencies relying more heavily on alternative fuels. The State Energy Office is charged with creating the task force in consultation with other departments, including DPI.

HB 737: Strengthen Child Safety Laws/Care Facilities (S.L. 2012-160) modifies existing statutes governing child care providers. Establishes that criminal history checks must be conducted prior to employment and every three years thereafter for all child care providers. Adds federal criminal histories to those that must be checked for child care providers who have lived in North Carolina continuously for the previous five years. Reallocates the costs of

criminal history checks to provide that the child care provider is to pay for federal criminal history checks, the Department of Justice is to pay for State criminal history checks, and the Department of Health and Human Services is to pay for county criminal history checks for state residents. Expands the list of which criminal offenses are pertinent to criminal history checks, including such offenses as bribery and larceny. However, this list is illustrative and not exclusive.

Recodifies and changes convictions and behaviors barring individuals from being child care providers. Maintains conviction of a misdemeanor or felony crime involving child neglect or abuse as a grounds for barring individuals from providing child care; adds to the disqualifying offenses adjudication as a “responsible individual” under G.S. 7B-807(a1), or conviction of a “reportable conviction” as defined under G.S. 14-208.6(4); removes from disqualifying offenses conviction of a crime involving “moral turpitude.” Provides that habitually excessive use of alcohol or illegal use of narcotic/impairing drugs are no longer automatic disqualifying behaviors but are instead grounds for disqualification at the discretion of DHHS. Adds to the latter category individuals who are mentally or emotionally impaired to an extent that may be injurious to children. Also adds intentional falsification of any criminal history information required to be furnished as grounds to prohibit individuals from becoming child care providers.

Adds definitions of “substitute provider” and “uncompensated provider.” Clarifies definition of “child care provider.”

Effective January 1, 2013.

G.S. 110-90.2, -91(8).

HB 799: Licensure by Endorsement/Military/Spouses (S.L. 2012-196) requires that any/all occupational licensing boards, including the State Board of Education, issue license, certification, or registration to a military-trained applicant and allow the applicant to practice his/her occupation in the State of North Carolina if the person meets certain criteria. Also requires granting of licenses, certification or registration to military spouses if the person meets certain criteria.

G.S. 93B-15.1.

HB 837: Completion of CPR Required by Students (S.L. 2012-197) establishes CPR as a high school graduation requirement by the 2014-2015 school year. The courses shall be based on an instructional program developed by the American Heart Association or other nationally recognized program. Schools must also keep an electronic database showing successful completion of CPR to meet the Healthful Living Essential Standard.

G.S. 115C-81(e1)(1).

HB 964: North Carolina Longitudinal Data System (S.L. 2012-133) creates an 18 member board that will oversee the establishment and implementation of the longitudinal data system. The system will facilitate and enable LEAs, community colleges, and public colleges/universities, to provide accurate information about student performance and workforce data. Private colleges, universities, and other nonpublic schools may transfer data to this system but do not have to by statute. The goal of this legislation is to generate timely and accurate information about student

performance in order to guide decision makers when attempting to improve educational outcomes.

G.S. 105-259(b); 115C-566.1; 116-229.1; 116E-1 to -6.

HB 966: Teacher Prepayment and Salary/Pre-K Eligibility (S.L. 2012-13) makes series of changes as follows:

Repeals teacher prepayment prohibition established in The School & Teacher Paperwork Reduction Act of 2011.

Effective July 1, 2012.

While working on this issue, NCSBA was posed with many questions about school districts' payment practices. In the old statute, which has now been reinstated, there is a provision that reads: "Subsequent pay dates shall be spaced no more than one month apart and shall include a full monthly payment.**" The practice of paying teachers early in December and then paying them again approximately 6 weeks later at the end of January conflicts with the requirement that payments be spaced no more than one month apart. The practice of paying teachers more than once a month conflicts with the requirement that each payment include a full monthly payment. NCSBA has conferred with the Attorney General's office and they have verbally agreed that these two practices are problematic given that the language has reverted back to the old statute.**

This legislation also amends eligibility requirements for NC Pre-K program given in Section 10.7(f) of S.L. 2011-145. Previously, no more than twenty percent of four year olds served in the prekindergarten program could be comprised of at risk children. This law requires DCDEE to establish income eligibility requirements for the program not to exceed 75% of the State median income. Additionally, up to 20% of children enrolled may have family incomes in excess of 75% of median income if they have other designated risk factors.

Establishes a salary schedule for teachers and school administrators for FY 2012-13 that will be effective absent passage of a budget bill. (*Note that this provision is now moot due to salary schedule established in 2012 budget.*)

Effective July 1, 2012.

G.S. 115C-302.1(b).

HB 989: Permanent License Plates (S.L. 2012-159) establishes that permanent registration plates can be issued only to governmental entities (including local boards of education) and the Red Cross by eliminating a number of entities that were previously eligible. Governmental entities will be issued new permanent registration plates with a new design by January 15, 2013.

Provides that governmental entities that receive permanent registration plates must ensure that the plate is registered under a single name, which shall be the full legal name of the entity.

Authorizes the Division of Motor Vehicles to revoke a permanent license plate for any vehicle that is 90 days or more past due for a required vehicle inspection.

Effective July 1, 2012.

G.S. 20-84; 117-33.

HB 1015: Economic Development and Finance Changes (S.L. 2012-74)

Section 2. Allows an eligible educator an individual income tax deduction of up to \$250 for books and other specified educational items if it was not claimed on the federal return. Allows a married couple to receive up to a \$500 income tax deduction if both individuals are eligible educators.

Effective for tax years beginning on or after January 1, 2012.

G.S. 105-134.6(d)(9).

HB 1023: Expunction/Nonviolent Offenses (S.L. 2012-191) provides the option of expunction for nonviolent crimes if certain conditions are met.

Modifies the requirements for someone to have his record expunged if he was under the age of 18 when the crime was committed.

Establishes a new expunction process by which a person may file a petition for expunction of a nonviolent misdemeanor or nonviolent felony conviction from the person's criminal record, regardless of the age at which the crime was committed, in the court where the person was convicted. Expunction petition may be filed if:

- 1) the person has no other misdemeanor or felony convictions, other than a traffic violation; and
- 2) was convicted of any misdemeanor or felony except the following:
 - a) A Class A through G felony or a Class A1 misdemeanor.
 - b) An offense that includes assault as an essential element of the offense.
 - c) An offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.
 - d) Any of the following sex-related or stalking offenses: G.S. 14-27.7A(b), 14-190.7, 14-190.8, 14-190.9, 14-202, 14-208.11A, 14-208.18, 14-277.3, 14-277.3A, 14-321.1.
 - e) Any felony offense in Chapter 90 of the General Statutes where the offense involves methamphetamines, heroin, or possession with intent to sell or deliver or sell and deliver cocaine.
 - f) An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any offense for which punishment was determined pursuant to G.S. 14-3(c).
 - g) An offense under G.S. 14-401.16.
 - h) Any felony offense in which a commercial motor vehicle was used in the commission of the offense.

A court may order the expunction only if, after hearing, it finds that:

- 1) the petitioner has not previously been granted an expunction under this section, G.S. 15A-145, 15A-145.1, 15A-145.2, 15A-145.3, or 15A-145.4;
- 2) the petitioner has remained of good moral character;
- 3) the petitioner has no outstanding warrants or pending criminal cases; the petitioner has no other felony or misdemeanor convictions other than a traffic violation; the petitioner has

no outstanding restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner; and

- 4) the petitioner was convicted of an offense eligible for expunction under this section and was convicted of, and completed any sentence received for, the nonviolent misdemeanor or nonviolent felony at least 15 years prior to the filing of the petition.

Any applicable State or local government agency must expunge from its records entries made as a result of the conviction ordered expunged under this section. The agency shall also reverse any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged.

Effective December 1, 2012.

G.S. 15A-145.4, -145.5, -146, -151; 17C-13(b); 17E-12(b); Repeals 15A-145(d).

HB 1025: Extend Tax Provisions (S.L. 2012-36)

Section 11. Extends sales tax refund eligibility through January 1, 2014, for the following:

- Passenger air carrier fuel;
- Professional motorsports racing team aviation fuel;
- Analytical services businesses;
- Certain industrial facilities.

G.S. 105-164.14A(a), -164.14B(f).

HB 1096: Simplify Beverage Contract Bids (S.L. 2012-89) repeals G.S. 143-64. Previously all beverage contracts from the University system, Community College system, and the K-12 system had to bid their beverage contracts for juice and water separately. In an effort to save money and streamline the process, these will now be bid once.

G.S. 143-64.

Senate Bills

SB 187: Modifications/2012 Appropriations Act (S.L. 2012-145)

Section 1.3. Increases by \$6,545,271 the amount of excess FY 2011-12 lottery funds reallocated from the Public School Building Capital Fund to UNC Need-Based Financial Aid in budget Section 5.2. Total excess lottery funds reallocated for FY 2011-12 will be \$32,133,641.

Effective July 1, 2012.

Section 2.1. Adds language to budget Section 7A.12 authorizing The Department of Public Instruction to establish 11 positions to administer the K-3 literacy program.

Effective July 1, 2012.

Section 2.4(a)(a1)(b). Modifies budget Section 7.18 (limitation on dollar equivalent value of funds received for transfers of classroom teacher and instructional support personnel position allotments). Changes dollar equivalent value of classroom teacher and instructional support personnel position allotment transfers from step 0 to step 6 on the "A" classroom teacher salary schedule *for fiscal year 2012-13 only*. Declares the General Assembly's intent that dollar equivalent values of such transfers will be limited to step 0 on the "A" classroom teacher salary schedule in future years.

Effective July 1, 2012.

Section 2.5.

Makes numerous modifications to school calendar law.

Allows traditional public schools and charter schools to establish calendars providing minimum student instructional time of 185 days **OR** 1,025 hours covering nine calendar months. Makes conforming change removing language allowing the State Board of Education to allow LEAs to convert up to 5 instructional days to teacher workdays upon a showing that doing so will enhance student achievement.

Changes instructional calendar start/end dates from August 25/June 10 to no earlier than the Monday closest to August 26 and no later than the Friday closest to June 11. Modifies good-cause waivers that may be received for weather-related purposes to remove current authority to use partial closings (2 hours or more) to count towards required days missed to qualify for weather waiver. Requires that school boards that receive weather waivers set calendars that begin no earlier than the Monday closest to August 19. Eliminates school board authority to receive calendar waivers for educational purposes. Exempts Cooperative Innovative High Schools from calendar requirements other than minimum instructional time requirements.

Waives Project LIFT schools, and their feeder schools, in Charlotte-Mecklenburg School System from calendar provisions, except those establishing a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months. Provides that local and private funds, not State funds, shall be used by the Charlotte-Mecklenburg Board of Education to fund any instructional days in excess of 185 included in a school calendar adopted in Project LIFT schools.

Effective beginning with 2013-14 school year.

G.S. 115C-84.2.

Section 6B.1. Adds new Section 25.5 to 2012 budget.

Authorizes a one-time annual leave bonus of 5 days for any full-time permanent State, community college, or LEA employee, who is eligible to earn annual leave and is employed as of July 1, 2012, or is under contract on July 1, 2012, to be employed for the 2012-13 school year in such a position.

Provides that the additional leave is to be accounted for separately from the annual leave bonus provided by specified laws and must be used by June 30, 2013. Any leave bonus not used during FY 2012-13 shall expire on June 30, 2013 and shall not be paid in a lump sum upon termination of employment unless the person effects a retirement from a State-supported retirement system immediately upon termination of employment.

Part-time permanent employees are to receive a pro rata amount of the five days.

Effective July 1, 2012.

SB 227: School Bus Crash Reports Name Disclosure (S.L. 2012-147) amends G.S. 20-166.1 (h)(3) to provide that the name of any minor child who is a passenger involved in a school bus crash may only be disclosed to the local board of education, the State Board of Education, the parent or guardian of the child, an insurance company investigation a claim arising from the crash, an attorney representing a person involved in the crash, and any law enforcement officials. The term "school bus" also includes activity buses.

Effective October 1, 2012.

G.S. 20-166.1(h)(3).

SB 426: Public Finance Laws/Municipal Service Districts (S.L. 2012-156) gives the Local Government Commission additional flexibility as it relates to local governments and incurring

obligations. Previously, all obligations would have to be certified and signed by the finance officer. The LGC will now be able to approve these in lieu of the certification process.

SB 582: Authorize Indian Gaming/Revenue (S.L. 2012-6) authorizes live table games at casinos on Indian reservations. This authorization is subject to the formation of a compact between the Indian tribes and the State. All monies paid by the tribes to the State under this compact are directed to go to the Indian Gaming Education Revenue Fund, which this law establishes.

Establishes that funds deposited into The Indian Gaming Education Revenue Fund are to be allotted quarterly to local school administrative units, charter schools, and regional schools on the basis of ADM. Allotted funds are to be non-reverting. LEAs must use funds received through this Fund for classroom teachers, teacher assistants, classroom materials or supplies, or textbooks.

G.S. 14-292.2; 143C-9-7.

SB 707: School Violence Prevention Act (S.L. 2012-149) makes a number of alterations and additions to current school violence laws.

Student Altercations and School Employee Intervention (Sections 1 and 10)

School personnel taking reasonable actions in good faith to end an altercation between students shall not be criminally or civilly liable for those actions.

School employees may not be reprimanded for acting or omitting to stop or intervene in an altercation between students if the employee's actions are consistent with the policy of the local board. If the local board does not already have a policy providing guidelines for an employee response to a student altercation, the local board must adopt such a policy.

Applies beginning with the 2012-2013 school year (this paragraph only).

Cyber-bullying (Sections 2-4, Section 9)

A new criminal offense is enacted for any student who cyber-bullies a school employee. The offense can be perpetrated in a number of ways. The act makes it unlawful for any student to use a computer or computer network to do any of the following:

With the intent to intimidate or torment a school employee, do any of the following:

- Build a fake profile or Web site.
- Post or encourage others to post on the Internet private, personal, or sexual information pertaining to a school employee.
- Post a real or doctored image of the school employee on the Internet.
- Access, alter, or erase any computer network, computer data, computer program, or computer software, including breaking into a password protected account or stealing or otherwise accessing passwords.
- Use a computer system for repeated, continuing, or sustained electronic communications, including electronic mail or other transmissions, to a school employee.
- Make any statement, whether true or false, intending to immediately provoke, and that is likely to provoke, any third party to stalk or harass a school employee.

- Copy and disseminate, or cause to be made, an unauthorized copy of any data pertaining to a school employee for the purpose of intimidating or tormenting that school employee.
- Sign up a school employee for a pornographic Internet site with the intent to intimidate or torment the employee.
- Sign up a school employee, without their authorization, for electronic mailing lists or to receive junk electronic messages and instant messages, with the intent to intimidate or torment the school employee.

Any violation is considered cyber-bullying and is punishable as a Class 2 misdemeanor. If a student pleads guilty or is guilty, the court may, without entering a judgment, defer proceedings and place the student on probation. Diversion contracts pursuant to G.S. 7B-1706 are also available.

Effective December 1, 2012.

A student convicted of cyber-bullying a school employee must be transferred to another school within the LEA. If there is no other appropriate school, the student must be transferred to different class or assigned a teacher who was not involved in the incident. The superintendent may modify, in writing, the required transfer of an individual student on a case-by-case basis. *Applies beginning with the 2012-2013 school year.*

Limitations on Criminal Process Against School Employees (Section 5)

No warrant for arrest, order for arrest, criminal summons, or other criminal process can be issued by a magistrate against a school employee for an offense that allegedly occurred while the school employee was in the process of discharging his or her duties of employment, without prior written approval of the district attorney or his designee. The district attorney may decline this authority, in which case the chief district court judge shall appoint a magistrate or magistrates to review any application for such criminal process for such an offense. The following are exempt from the requirements in this section:

- The offense is a traffic offense.
- The offense occurred in the presence of a sworn law enforcement officer.
- There is no appointed magistrate available to review the application.

Limitations on Probation Officer School Visits (Section 6)

Probation officers of the Division of Community Corrections, when working as part of the Division's School Partnership Program, may visit students during school with prior authorization by school administrators, including requests for assistance from guidance counselors or school resource officers. Otherwise, probation officers may not visit students during school hours on school property. Each local board of education must develop policies and guidelines for coordinating with probation officers in the planning of such visits. Visits must be conducted in a private area designated for such use, and away from the general student population. Initial contact with the student must be made by a school administrator or other designated school employee who shall then direct the student to the private area to meet with the probation officer. *Applies beginning with the 2012-2013 school year.*

Duties to Report (Sections 7-8)

Principals are now only required to report certain violent acts if they have personal knowledge or actual notice of the incident. The reasonable belief standard is eliminated. Language stating that a principal who willfully failed to report such an incident to law enforcement may be subject to demotion or dismissal has been removed as well.

Supervisors with actual notice that a school employee has been a victim of an assault by a student in violation of G.S. 14-33(c)(6) must report the incident to the principal immediately. This applies only to violations resulting in physical injury, as that term is defined in G.S. 14-34.7. Principals, superintendents, and supervisors are prohibited from attempting to intimidate school employees in any manner in effort to keep them from reporting such an incident to law enforcement.

Applies beginning with the 2012-2013 school year.

G.S. 14-33(c1), -453(7c), -458.1(a), -458.2; 15A-301(b1), -301(b2); 115C-46.2, -288(g), -289.1, -366.4, -390.3.

SB 724: An Act to Improve Public Education (S.L. 2012-77) makes numerous modifications, additions, and directives to public education statutes.

Requires SBE to add teacher preparation program standards for elementary education students and lateral-entry elementary teaching candidates to ensure such programs remain current and reflect state and national standards. Delineates four standards that must be included.

Requires school improvement teams to use the Education Value Added Assessment System (EVAAS) to appropriately place students in courses such as Algebra I.

Declares the General Assembly's goal to provide preschool programs to all at-risk children.

Establishes that students do not need to be provided with any further PEPs if the student's report card contains all information required in a PEP.

Directs local boards of education to adopt and implement plans to create middle school and high school transition teams and transition plans for at-risk students to assist them in making successful transitions.

Eliminates June 1, 2013, sunset date on G.S. 115C-107.7(c) establishing when an LEA has a "basis of knowledge" that a child has a disability.

Instructs the State Board of Education to reconsider high school graduation requirements for students who do not plan to continue education post-high school and requires study results to be reported to the Joint Legislative Education Oversight Committee by March 15, 2013. Suggests that a five-year program may be needed in order for some such students to meet graduation requirements, while a reassessment of existing requirements may need to be considered to determine minimum needs for a sound, basic education and whether current graduation requirements are reasonable for students not planning to continue education beyond high school.

Instructs the State Board of Education to implement, by August 31, 2014, statewide education reform initiatives outlined in the North Carolina Race to the Top application. Specifies examples of initiatives that are to be implemented. Requires a report to be submitted to the Joint Education Oversight Committee by September 15, 2012, and semiannually thereafter through September 15, 2014, on SBE's progress toward implementing Race to the Top initiatives. Expires this requirement on July 1, 2014. Specifies that the State Board of Education may continue any identified initiatives if it receives continued funding.
G.S. 115C-296(b), -296(c1), -105.27(a), -105.41, -107.7(c).

SB 755: Ed. Employees Ass'n./Equal Access Act (S.L. 2012-179) states that neither an LEA nor a school shall do any of the following:

- 1) Grant access to employees' physical or electronic mailboxes to an education employee association unless it gives such access to all education employee associations operating in the local school administrative unit.
- 2) Permit an education employee association to attend new teacher or employee orientations to recruit members unless it permits all education employee associations operating in the local school administrative unit to attend.
- 3) Give an education employee association preferential treatment through procedures, policies, or any other means. This subdivision does not authorize any payroll deduction for any association unless authorized by law for that association.
- 4) Endorse one education employee association over another.
- 5) Refer to days or breaks in a school calendar by the name of an employee education association.

A school cannot discourage or prohibit an employee from joining an organization or show a preference for any educational association. Education employee associations shall have equal access to charter school employees as well.

Applies beginning with the 2012-2013 school year.

G.S. 115C-238.29F(e), -335.9.

SB 847: GSC Technical Corrections/Other Changes (S.L. 2012-194)

Section 21(a). Makes conforming changes to statutory references to former Departments of Juvenile Justice/Delinquency Prevention and Correction in G.S. 115C-325(p) (applying public school teacher employment laws to teachers employed by those entities). Changes entity titles to the Divisions of Juvenile Justice and Adult Correction of the Department of Public Safety (in conformance with consolidation provisions in 2011 budget).

G.S. 115C-325(p).

Section 45(e). Recodifies a new statute created by SB 707- The School Violence Prevention Act. G.S. 15A-1331B created therein is to be recodified as G.S. 15A-1331.2.

G.S. 15A-1331B.

Section 48. Makes statutory conforming change to align with recodified provision in 2011 school discipline legislation dealing with corporal punishment for students with disabilities.

G.S. 115C-107.7(a1).

Section 49. Makes statutory conforming change to align with 2011 school discipline legislation by striking a reference to G.S. 115C-390 because the statute no longer exists.

G.S. 115C-309(a).

Section 55. Eliminates statutory requirement for annual reports to be submitted by the SBE and local boards of education regarding specified information on needs of students with immediate family members in the military.

Requires one-time report (not codified in statute) by local boards of education and the SBE on needs of students with immediate family members in the military. Local boards must submit reports to the SBE by November 30, 2012, and the SBE must submit these reports to specified legislative committees by December 15, 2012.

Retains existing requirements of specific information to be reported:

- Number of students within the LEA who have an immediate family member who has served in the reserve or active components of the Armed Forces since September 1, 2011.
- Whether, since September 1, 2011, the LEA employed at least one employee trained in the unique needs of children who have immediate family members in the military, as defined.
- The frequency with which the employee provided training to school personnel since September 1, 2011, and the number of staff trained.

Adds a new statutory power/duty of public school principals which requires principals to develop a means for identifying and serving the unique needs of students who have immediate family members in the active or reserve components of the Armed Forces.

G.S. 115C-12(38), -47(6), -288(m).

Section 62.1. Clarifies that the Administrative Procedure Act, absent explicit language to the contrary, does not require that a party or person aggrieved petition an agency for rule-making or seek to obtain a declaratory ruling before judicial review of an administrative law judge's decision/order can be obtained.

G.S. 150B-43.

Section 65.5. Modifies language in HB 237- Workers' Compensation Amendments (see below), to provide that certain employer workers' compensation policy information now authorized to be received by the North Carolina Industrial Commission can be considered public records under G.S. 132-1.

G.S. 58-36-17.

Section 66.5. Establishes date on which the Senate and House of Representatives are to meet biennially prior to commencement of the regular session to elect officers, adopt rules, and otherwise organize the session. Provides that the pre-session organizational meeting date shall be 9:00 AM on the second Wednesday in January next after members' elections. Provides for adjournment at the end of the organizational day until first day of the legislative session.

Modifies Administrative Procedure Act's definition of "day of adjournment" of a regular session held in an odd-numbered year. Adds to the definition the day the General Assembly adjourns by operation of law. Extends adjournment duration needed to meet the definition from 10 to 30 days.

G.S. 120-11.1; 150B-21.3(d)(2).

Section 71.8. Amends HB 837- Completion of CPR by Students Required (see above), to change from 2013-14 to 2014-15 the school year by which the SBE is to commence requiring CPR completion for high school graduation.

State Health Plan, Retirement, Unemployment, and Workers' Compensation Bills

HB 237: 2012 Workers' Compensation Amendments (S.L. 2012-135) instructs the North Carolina Rate Bureau to share information concerning the status of workers' compensation insurance coverage on employers in North Carolina with the North Carolina Industrial Commission (Modified by SB 847, below). Makes other conforming and clarifying changes to workers' compensation laws.

G.S. 58-36-16, -17; 97-25.6, -26, -26.1.

HB 244: State Health Plan/Add Schools; Whistleblowers (S.L.2012-192) authorizes Sterling Montessori Academy and Charter School and Casa Esperanza Montessori Charter School to participate in the State Health Plan for Teachers and State Employees.

Enacts protections for those wishing to report any fraud or abuse relating to the State Health Plan. Whistleblowers may seek an injunction, damages, and other appropriate remedies if an employer attempts to prevent a valid report of such fraud or abuse.

Whistleblower provisions effective October 1, 2012.

G.S. 22B-4; 135-48.15.

HB 1074: Stop Waste, Fraud, and Abuse in Govt. Act (S.L. 2012-185)

Section 1. Establishes a "whistle-blower" protection provision providing employee protections against unlawful retaliations for supplying information about fraud to the retirement system. The provision also establishes remedies for the employees if they are discharged, demoted, suspended, threatened, harassed, or discriminated against in any manner after supplying information to the division about potential fraud in the system.

Effective July 1, 2012.

Section 2(c). Establishes fraud investigations and the access that staff will be allowed to examine to uncover potential fraud.

Effective July 1, 2012.

Section 3. Creates a new Class 1 misdemeanor for a person or persons that defraud the retirement system by receipt of improper benefits from a decedent's allowance or disability benefits.

Effective December 1, 2012.

G.S. 128-21(5a), -28(l), -(r)-(t); 135-1(11b), -6(k), -6(q)-(s),-18.11, -111.

HB 1085: State Health Plan/Statutory Changes (S.L. 2012-173) makes a handful of changes to the State Health Plan to conform to the Affordable Care Act.

The definition of a dependent child is expanded and now includes foster children and those for which the employee is a court-appointed guardian, whether or not the employee is legally responsible for the child's maintenance and support.

Twelve month waiting periods for preexisting conditions are no longer necessary for certain enrollments or changes in health coverage, but are still possible under this law for enrollees age 19 and older.

Eligible employees may now only change their elections, including adding or removing dependents, during the Plan year due to a qualifying event as defined under federal law.

Enrollment and other changes are no longer allowed on the first of every month, but instead may only be done during annual enrollment. The optional long-term care benefit program for public employees is repealed.

The repeal of the benefit program is effective January 1, 2013; the remainder of the law is effective July 1, 2012.

G.S. 135-48.1(9), -48.3, -48.5(c), -48.22(2), -48.30(2), -48.30(15), -48.30(16), -48.41(g), -48.42, -48.43.

SB 804: Retirement Technical Changes (S.L. 2012-130) amends various State retirement system provisions.

Requires members of Local Governmental Employees' Retirement System to notify the Board of Trustees of their participation in the system within 30 days (decreased from 90 days).

Adds that actuarial calculations and the Local Governmental Employees' Board of Trustees minutes are part of the Plan Documentation governing the Local Governmental Employees' Retirement System, in order to preclude employer discretion in determination of benefits. Makes corresponding change to Teachers' and State Employees' Retirement System statute.

Changes Local Governmental Employees' Retirement System creditable service requirements to add that unused sick leave may not be credited to a member at retirement if the member's last day of service is more than one year before the member's effective date of retirement. Makes corresponding change to Teachers' and State Employees' Retirement System prohibiting the credit if the last day is more than five years before the effective date.

Changes Legislative Retirement System compliance with the Internal Revenue Code to add that the Plan must not base contributions or benefits on annual compensation above the limits allowed by the Code. Specifies that the Plan does not have mandatory distributions and makes other clarifying changes. Modifies eligible retirement plan definition. Defines direct rollover. Makes corresponding changes to Local Governmental Employees' Retirement System, Teachers' and State Employees' Retirement System, and Judicial Retirement Act.

Allows payment of retirement allowance in a lump sum to the contingent beneficiary if the designated beneficiary dies before receiving all allowances. Clarifies definition of "teacher" in Teachers' and State Employees' Retirement System.

Establishes that the Teachers' and State Employees' Retirement System is a governmental plan, and that specified Internal Revenue Code nondiscrimination rules are inapplicable. Requires all member employee and employer contributions to be made to funds held in trust to distribute trust

principal and income to retired members and their beneficiaries, and to pay other determinable benefits. Requires the retirement system to have a consolidated Plan document, as detailed. Makes corresponding changes to Local Governmental Employees' Retirement System, Teachers' and State Employees' Retirement System, and Judicial Retirement Act.

Makes clarifying changes to statutes governing voting rights for Local Governmental Employees' System and Teachers' and State Employees' Retirement System.

Makes additional technical and clarifying changes

Effective July 1, 2012.

G.S. 120-4.28, -4.31, -4.9; 128-22, -24, -26(e), -28(f), -28(m), -38.2; 135-1(25), -2, -4, -6(e), -6(l), -18.7, -54, -74.

SB 828: Unemployment Insurance Changes (S.L. 2012-134) extends the three-year lookback trigger for extended benefits to compensation for weeks ending on or before December 31, 2012.

An individual previously was disqualified for unemployment benefits for intentional acts or omissions evincing disregard of an employer's interest or standards of behavior which the employer has a right to expect. The standard is changed to willful or wanton disregard of such standards of behavior. Additionally, refusing to perform reasonably assigned work tasks or repeated failure to adequately perform work tasks now qualifies as prima facie evidence of employee misconduct.

The Division of Employment Security will now charge benefits to an employer's account when it determines that an overpayment has been made to a claimant, and two specified provisions apply.

A person who wrongfully receives benefits through fraudulent actions shall be assessed a penalty in an amount equal to 15% of the amount of the erroneous payment. All unemployment fraud used to be a class 1 misdemeanor; fraud procuring over \$400 is now a class I felony.

G.S. 96-12.01(a1)(4)c.3, -14(2), -9(c)(2), -18(a), -18(g).

LOCAL LEGISLATION

House Bills

HB 322: Haywood School Board Filing Period (S.L. 2012-24) extends the filing period for Haywood County Board of Education candidates if, at the close of the initial filing period, no candidate has filed for an open district seat, or less than two candidates have filed for multi-candidate district seats. The extended filing period is to run from Noon on the next Monday following the close of the filing period to Noon of the third business day thereafter.

HB 1018: Yadkin Valley Career Academy (S.L. 2012-48) allows the Davidson County, Thomasville City, and Lexington City Boards of Education to apply jointly with the Davidson County Community College Board of Trustees to establish the Yadkin Valley Regional Career Academy as a Cooperative Innovative High School and exempts the Career Academy from

requirements that Cooperative Innovative High Schools receive explicit appropriations from the General Assembly prior to receiving approval. Directs the SBE and State Board of Community Colleges to consider the application for the 2012-13 school year if the application is received by June 15, 2012.

Budget special provision 7.10 (see above) requires SBE to approve the authorized application for the Yadkin Valley Regional Career Academy.

HB 1063: Excuse School Day for Johnston Co. School (S.L. 2012-5) grants the Johnston County Board of Education the ability to excuse one instructional day at McGee's Crossroads Elementary School as long as the school completes the requisite number of instructional hours. This only applies to the instructional day missed because of a break in a water line. *Applies only to the 2011-2012 school year.*

HB 1065: Use Moore School Buses for 2014 US Open (S.L. 2012-27) allows the Moore County Board of Education to permit the use of their public school buses for the 2014 US Open golf tournament. The Moore County Board of Education is also permitted to begin the 2013-2014 school year one week earlier than otherwise allowed to avoid conflict between the US Open and school affairs.

HB 1071: Wake School Board Organizational Meeting (S.L. 2012-106) removes a requirement that the Wake County Board of Education hold organizational meetings in June or July of each year. *Effective December 1, 2012.*